Washington State Auditor's Office

Audit Report

Audit Services

Report No. 5708

CENTRALIA COLLEGE

Agency No. 632

July 1, 1994 Through June 30, 1996

Issue Date: November 8, 1996

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Overview

We performed the statewide single audit of the state of Washington for the fiscal year ended June 30, 1996. In accordance with the Single Audit Act of 1984, we audited the state as an entity, rather than each agency separately. The results of this audit will be published in a statewide single audit report which includes the following:

- An opinion on the financial statements.

- A report on internal control structure-related matters based solely on an assessment of control risk made as part of the audit of the financial statements.

- A report on compliance with laws and regulations that may have a material effect on the financial statements.

- An opinion on supplementary Schedule of Federal Financial Assistance.

- A report on internal controls over federal financial assistance.

- An opinion on compliance with specific requirements applicable to major federal financial assistance programs.

- A report on compliance with general requirements applicable to federal financial assistance programs.

- A report on compliance with laws and regulations applicable to nonmajor federal financial assistance program transactions tested.

- A Schedule of Findings and Schedule of Questioned Costs.

The work performed at Centralia College included procedures to satisfy the requirements of the 1996 statewide single audit and supplemental reviews and tests deemed necessary in the circumstances.

In addition, we performed the audit of the college for the fiscal year ended June 30, 1995, as part of the statewide single audit of the state as an entity. The results of this audit have been published in a statewide single audit report dated May 15, 1996. Our audit for fiscal year 1995 included procedures to express opinions on the state's general purpose financial statements and tests deemed necessary in the circumstances.

There is one finding, which is listed in the Schedule of Findings following this Overview, for Centralia College.

Brian Sonntag
State Auditor

October 31, 1996

CENTRALIA COLLEGE
Agency No. 632
July 1, 1995 Through June 30, 1996

Schedule Of Findings

1. <u>Centralia College Should Seek Payment From The U.S. Department Of Education For Federal Pell Grant Awards (Pells)</u>

   Data detailing Pell expenditures made by Centralia College was damaged in route to the U.S. Department of Education and corrections were not submitted by September 30, 1995, adjustment deadline. The data contained awards for which the college had not previously received full payment from the U.S. Department of Education, awards for which the college had not yet received any payment, and awards for which the U.S. Department of Education overpaid the college.

   The Code of Federal Regulations 34 CFR 690.83 states in part:

   (a) (1) An institution may receive either a payment from the Secretary for an award to a Federal Pell Grant recipient, or a corresponding reduction in the amount of Federal funds received in advance for which it is accountable, if Ä

   (i) The institution submits to the Secretary all SAR Payment Vouchers (or the equivalent as defined by the Secretary) for that award in the manner and form prescribed in paragraph (a) (2) of this section by September 30 following the end of the award year in which the grant is made, and

   (ii) The Secretary accepts those SAR Payment Vouchers.

   (e) (1) . . . if an institution demonstrates to the satisfaction of the Secretary that the institution has provided Federal Pell Grants in accordance with this part but has not received credit or payment for those grants, the institution may receive payment or a reduction in accountability for those grants in accordance with paragraph (e) of this section.

   (2) The institution must demonstrate that it qualifies for a credit or payment by means of a finding contained in an audit report as initially submitted to the Department that was conducted after December 31, 1988 and timely submitted in accordance with 34 CFR 668.23 (c), with respect to grants made during the period of that audit.

   As a result, Centralia College has not received funds or credit from the U.S. Department of Education for the amount of $34,884 of Pell awards.

   College financial aid personnel stated that the lack of correct submissions was due to two factors:

a. The U.S. Department of Education provides a listing of all awardees that attend the college on a Payment Summary Electronic Data Tape. The tape is reviewed by the college and subsequently sent back to DOE. Based on this tape, with or without corrections, DOE reimburses the college for the Pell Grants disbursed to the awardees. However, there were particular awardees that were not present on the Payment Summary Electronic Data Tape provided by the U.S. Department of Education and college personnel did not become aware of the mistake until the tape had already been sent to DOE for processing of the reimbursement. This error was discovered by college financial aid personnel performing routine internal control procedures. No funds were misappropriated or misawarded.

b. College financial aid personnel stated that if DOE had returned the tape to Centralia College in a timely fashion the errors could have been corrected before the set deadline.

We recommend Centralia College seek payment from the U.S. Department of Education for Federal Pell Grant Awards amounting $34,884.

Auditee's Response

The college concurs with this finding and will seek payment immediately from the U.S. Department of Education.

Auditor's Concluding Remarks

We thank Centralia College staff for their cooperation and assistance during our audit.